WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D. C.

ORDER NO. 1141

IN THE MATTER OF:	Served May 20, 1971
Application of WMA Transit Company for Authority to Increase Fares.	Application No. 655 Docket No. 222

In Order No. 1127 served March 24, 1971, we authorized the WMA Transit Company (WMA) to increase its regular route fares in the District of Columbia and Maryland. By application filed on April 22, 1971, WMA seeks reconsideration of that order, alleging certain errors on our part.

The first contention of error has to do with our disallowance of depreciation on 11 buses not in service at the time Order No. 1127 was issued. As of January 25, 1971, there were a total of 14 buses out of service which either had been out of service for such an extended period, or were so badly damaged, that in the staff's view the buses would not be returned to service during the future annual period under consideration. Some of the 14 buses had been out of service for up to two years. In Order No. 1127, we noted the company's practice of setting buses aside if they are in need of major repair and leaving those buses out of service for extended periods. Before the hearing in the case concluded, WMA had actually sent three of the 14 buses out for repairs, and had indicated to us they would shortly be back in service. Therefore, we disallowed the depreciation expenses for the 11 buses remaining.

In its application for reconsideration, WMA asserts that we followed the wrong test of when depreciation should be allowed on a damaged vehicle. We said in Order No. 1127 that depreciation would not be allowed on buses which have been "effectively removed from useful service" (p. 14). Relying

on testimony of its witness on the subject, WMA asserts that depreciation should be allowed if the vehicles are "devoted to transportation service." We see no real distinction in the two "tests."

The record in this case indicated to us a definite history of neglect on the part of the company insofar as repair of damaged buses is concerned. Contrary to the company's present assertions, the record does not describe in any particular way a program for repair of buses during the future annual period. No such program was undertaken until after the staff had raised the issue in the hearing of whether depreciation should be allowed on damaged buses. In our assessment of whether those 11 buses would actually be repaired and available for revenue service, promises to the effect the buses would be repaired during the future annual period were not enough to overcome our doubts caused by WMA's history of failure to repair vehicles when damage has occurred.

To justify its contention that depreciation should be allowed on damaged buses, the company argued, among other things, that "money was not available" to repair the buses. In the first place, the allegation that money was not available has not been proved. Perhaps money was not available in sufficient amounts from the farebox to take care of extraordinary damage caused in an unforeseen number of accidents. However, that does not prove that money was not available. Businesses requiring capital must often resort to borrowing or various other means for acquiring it, and no showing was ever made that those channels were closed to WMA. In any event, we will not require the ratepayer to carry the burden of depreciation on buses that are not likely to be available to serve him.

The second contention of error is that we ordered WMA to employ the services of a safety expert but did not provide for the expense of employing the safety expert. The staff noted that the insurance costs incurred by WMA include some $70,000 annually for retrospective insurance premiums. These amounts are assessed against the company, in addition to its normal insurance premium, as a result of its poor accident record. The staff had suggested we disallow the $70,000, as that expense, with a better safety program, would not have been incurred by the company. We considered that the better alternative to disallowing $70,000 of known expense, even though that expense

might have been avoided, was to require the company to undertake the positive step of creation of a better safety program. As the essential first step in that program, the company must hire an outside consultant to tell it what steps must be taken to achieve better safety results. Had we followed the advice of the staff, a course which was well within our discretion, the cost to the company would have been far more than the cost of hiring a safety consultant. Furthermore, we consider that for the fare he pays now, the ratepayer is entitled to the best safety program attainable. If he is not getting that program, and we do not believe he is, then some extraordinary effort is required to bring that program into existence. We do not believe the ratepayer should be required to pay extra for such a program. We believe that if there is extraordinary expense required to bring the safety program to a proper level it should be borne by the company's owners.

The third contention of error put forth by WMA in its application for reconsideration is that we should have allowed more than five days for the filing of the report concerning inoperative air-conditioners. WMA asserts that it is physically impossible to provide the report within five days of the close of the months covered by the report. We note that the report for April was in fact submitted within the time limit we had imposed. Since performance proves that the report can be filed within five days, and since it is desirable for us to have the report as soon as possible after the month has ended, we will continue the five-day requirement set in Order No. 1127.

The fourth contention of error concerns the question whether the schoolfare subsidy will be available beyond August 31, 1971, the date when the current schoolfare subsidy authorization expires. In projecting revenues for the future annual period, we had assumed the continuation of the schoolfare subsidy authorization beyond August 31. We noted that we had been given assurances that indicated to us that the schoolfare subsidy would likely be extended beyond the August 31st expiration. WMA asserts that the record contained no evidence of those assurances. Indeed, those assurances are not of record but are nevertheless such that we believe the likelihood of an extension of the schoolfare subsidy is substantial. The extension has already been voted by the House of Representatives. (See Congressional Record, page H3656, May 10, 1971.) Obviously, if the schoolfare subsidy

legislation is not extended, some adjustments will be required. However, we believe there will be time to make those adjustments as the August 31st date approaches, if it is apparent that the subsidy legislation will not be re-enacted.

The final contention made by WMA in support of its request for reconsideration is that we erred in adopting the staff projection that WMA charter, sightseeing and contract revenue in the future annual period would be $133,830 greater than in the historical period. WMA has attached to its request for reconsideration a table which it labels "Exhibit A", and which shows charter, sightseeing and contract revenues and charter orders taken for the first three months of 1971 compared to the first three months of 1970. Those figures show the revenues for the first three months of 1971 are less than the revenues for those months in 1970, and that the orders are fewer in 1971 than they were in 1970. The bare figures of three months experience, even if they were a matter of record, and those figures are not, do not by themselves necessarily indicate what the experience of the total year will be. The record in the case shows that WMA has increased its charter, contract and sightseeing revenues by an average of $133,830 each year during the past five years. We indicated in our discussion in Order No. 1127 that if WMA could not increase its charter business in the future annual period, its charter rates could be raised to increase the revenues. Since it filed its application for reconsideration, WMA has filed increased charter rates. This give a further dimension to the question of what amounts of revenue will actually be available in the future annual period. The factors that will determine the total revenues for the year are obviously not determined by what occurred in the first three months. Therefore, we are not presented with anything in the application for reconsideration that convinces us that we erred in our forecast of charter, contract and sightseeing revenues.

THEREFORE, IT IS ORDERED that the application for reconsideration of Order No. 1127 filed by the WMA Transit Company on April 22, 1971, be, and it is hereby, denied.

BY DIRECTION OF THE COMMISSION:

GEORGE A. AVERY
Chairman

HOOKER, Commissioner, not participating.